

## Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 IO-14 ISO-00 L-03 FRB-01 OMB-01

ITC-01 SP-02 USIA-15 AGRE-00 AID-05 CIAE-00

COME-00 INR-07 LAB-04 NSAE-00 OIC-02 SIL-01

STR-05 TRSE-00 CEA-01 SS-15 AF-10 ARA-14 EA-12

NEA-10 OPIC-06 XMB-04 /154 W

-----032598 140030Z /70

R 132339Z DEC 77

FM USMISSION GENEVA

TO SECSTATE WASHDC 4051

INFO AMEMBASSY BRUSSELS

AMEMBASSY PARIS

USMISSION USUN NEW YORK

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USEEC USOECD

E.O. 11652: N/A

TAGS: UNCTAD

SUBJECT: UNCTAD - AD HOC INTERGOVERNMENTAL COMMITTEE  
ON INTEGRATED COMMODITY PROGRAM

REF: GENEVA 11935

1. AT DECEMBER 13 PLENARY, G-77 MADE STATEMENT BELOW  
CONCERNING COMMON FUND NEGOTIATIONS AND STATUS OF WORK  
ON INDIVIDUAL COMMODITIES. GROUP B PLANS REPLY  
DECEMBER 14. AFTERNOON OF DECEMBER 13 WILL BE DEVOTED  
TO CONSIDERATION OF FUTURE SCHEDULE OF MEETINGS ON  
INDIVIDUAL COMMODITIES.

2. TEXT OF G-77 STATEMENT FOLLOWS.

QUOTE:

(1) AT ITS THIRD SESSION IN JULY, THE AD HOC INTER-  
GOVERNMENTAL COMMITTEE FOR THE INTEGRATED PROGRAMME FOR  
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COMMODITIES UNDERTOOK A THOROUGH REVIEW OF THE PROGRESS  
IN THE IMPLEMENTATION OF THE INTEGRATED PROGRAMME FOR  
COMMODITIES IN ACCORDANCE WITH ITS MANDATE UNDER RESO-  
LUTION 93(IV). IN A COMPREHENSIVE RESOLUTION ADOPTED  
AT THAT SESSION AND ENDORSED SUBSEQUENTLY BY THE TRADE  
AND DEVELOPMENT BOARD, THE COMMITTEE EXPRESSED ITS  
REGRET AT THE FAILURE OF THE NEGOTIATING CONFERENCE ON A

COMMON FUND TO ACHIEVE CONCLUSIVE RESULTS AND ITS CONCERN AT THE INSUFFICIENT PROGRESS IN THE PREPARATORY WORK ON INDIVIDUAL COMMODITIES. THE SITUATION AS IT PREVAILS TODAY, FIVE MONTHS AFTER THE ADOPTION OF THAT RESOLUTION AND WITH BARELY A YEAR FROM THE DEADLINE WE AGREED UPON IN NAIROBI FOR THE COMPLETION OF THE INTEGRATED PROGRAMME, IS STRIKINGLY SIMILAR. WE HAVE VERY LITTLE TO SHOW BY WAY OF ADDITIONAL PROGRESS - EITHER ON THE COMMON FUND OR ON INDIVIDUAL COMMODITIES - DESPITE THE UNANIMOUS RESOLVE OF GOVERNMENTS TO UNDERTAKE SERIOUS, PURPOSEFUL NEGOTIATIONS ON THE COMMON FUND AND TO MOVE MORE DECISIVELY TOWARDS APPROPRIATE ACTION ON INDIVIDUAL COMMODITIES, WITHIN THE DEADLINES SET BY RESOLUTION 93(IV).

(2) WE ARE MEETING ONCE AGAIN IN THE SHADOW OF THE FAILURE OF YET ANOTHER ATTEMPT TO ENGAGE IN MEANINGFUL NEGOTIATIONS ON THE COMMON FUND. OUR FAILURE THIS TIME WAS ALL THE MORE DEPLORABLE IN VIEW OF THE FACT THAT THE GROUNDWORK FOR THE NEGOTIATIONS HAD BEEN CAREFULLY PREPARED - BOTH AT THE POLITICAL AND THE TECHNICAL LEVEL. AT THE POLITICAL LEVEL, OUR EXPECTATIONS HAD BEEN RAISED BY THE COMMITMENTS UNDERTAKEN BY THE DEVELOPED COUNTRIES IN THE FORM OF THE AGREEMENT TO ESTABLISH A COMMON FUND AS A NEW ENTITY AND A KEY INSTRUMENT OF THE INTEGRATED PROGRAMME AND THE PLEDGE TO SECURE A SUC-

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CESSFUL CONCLUSION AT THE NOVEMBER SESSION. AT THE TECHNICAL LEVEL WE HAD SEVERAL MONTHS OF INTENSIVE PREPARATIONS IN NATIONAL CAPITALS AS WELL AS WITHIN VARIOUS GROUPS. IT IS INDEED A MATTER OF DEEP CONCERN THAT DESPITE ALL THIS THE CONFERENCE HAD TO SUSPEND ITS SESSION WITHOUT BEING ABLE TO IDENTIFY EVEN A BASIC FRAMEWORK FOR THE NEGOTIATIONS.

(3) AS THE GROUP OF 77 STATED WHEN THE SESSION WAS SUSPENDED, THE MAIN OBSTACLE WAS NOT TECHNICAL BUT POLITICAL. IT WAS EVIDENT FROM THE RIGID STAND ADOPTED BY A NUMBER OF DEVELOPED COUNTRIES THAT THEY WERE NOT YET READY TO TRANSLATE THE POLITICAL COMMITMENTS - WHICH SOME OF THEM HAD UNDERTAKEN AT THE SUMMIT LEVEL - INTO CONCRETE AND SPECIFIC ACTION. WE ARE INEVITABLY LED TO THE CONCLUSION THAT THEY APPEAR TO BE GOING BACK ON THESE COMMITMENTS. THE KIND OF COMMON FUND CONCEIVED BY THESE COUNTRIES - A PASSIVE AND RESIDUAL ARRANGEMENT, SEVERELY LIMITED IN ITS SCOPE, INTENDED ONLY TO FACILITATE THE FINANCING OF BUFFER STOCKS, AND COMPLETELY DEPENDENT FOR ITS RESOURCES ON DEPOSITS OF ICAS - CAN BARELY FIT THE DESCRIPTION "COMMON FUND", LET

ALONE SERVE AS A KEY INSTRUMENT FOR ACHIEVING THE AGREED OBJECTIVES OF THE INTEGRATED PROGRAMME.

(4) AS WE REPEATEDLY EMPHASIZED DURING THE CONFERENCE, WE ARE READY TO EMBARK UPON DETAILED NEGOTIATIONS AS SOON AS AGREEMENT IS REACHED ON CERTAIN FUNDAMENTAL ASPECTS OF THE COMMON FUND. AMONG THE ISSUES TO WHICH THE GROUP OF 77 ATTACHES GREAT IMPORTANCE ARE THE FINANCING BY THE COMMON FUND OF MEASURES OTHER THAN STOCKING, DIRECT GOVERNMENT CONTRIBUTIONS TO THE CAPITAL OF THE FUND AND A DECISIVE ROLE FOR THE DEVELOPING COUNTRIES IN THE MANAGEMENT OF THE FUND. WE ARE HEARTENED BY THE POSITIVE

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COME-00 INR-07 LAB-04 NSAE-00 OIC-02 SIL-01  
STR-05 TRSE-00 CEA-01 SS-15 AF-10 ARA-14 EA-12  
NEA-10 OPIC-06 XMB-04 /154 W  
-----032714 140031Z /70

R 132339Z DEC 77  
FM USMISSION GENEVA  
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STAND TAKEN BY AN ENCOURAGING NUMBER OF DEVELOPED COUNTRIES IN THEIR CONCLUDING STATEMENTS AT THE LAST SESSION OF THE CONFERENCE. WE WOULD IN PARTICULAR LIKE TO RECORD OUR DEEP APPRECIATION TO THE GOVERNMENT OF THE NETHERLANDS FOR ITS GENEROUS INITIAL PLEDGE OF \$25 MILLION AS WELL AS TO THE GOVERNMENT OF NORWAY FOR ITS EQUALLY GENEROUS PLEDGE OF US\$25 MILLION MADE AT THE NAIROBI CONFERENCE. IN FACT, THE CONCLUDING STATEMENTS INDICATE, AS POINTED OUT BY THE PRESIDENT OF THE CONFERENCE, THAT THERE IS A WIDE MEASURE OF SUPPORT THAT THE OBJECTIVES AND PURPOSES OF THE FUND SHOULD INCLUDE THE FINANCING NOT ONLY OF BUFFER STOCKS, BUT ALSO OF MEASURES OTHER THAN STOCKING, AND THAT THE SOURCES OF FINANCE SHOULD INCLUDE, AMONG OTHERS, DIRECT ASSESSED

GOVERNMENT CONTRIBUTIONS TO THE CAPITAL OF THE FUND.  
WE WOULD STRONGLY URGE THOSE DEVELOPED COUNTRIES WHICH  
ARE NOT YET IN A POSITION TO AGREE TO THESE FUNDAMENTAL  
ASPECTS OF THE COMMON FUND TO RECONSIDER THEIR STAND  
AND TO TAKE THE NECESSARY POLITICAL DECISIONS SO THAT  
THEY CAN RETURN TO THE NEGOTIATION TABLE WITH THE  
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NECESSARY DEGREE OF FLEXIBILITY TO ENSURE THE SUCCESS  
OF THE NEGOTIATIONS. I WOULD LIKE TO TAKE THIS OCCASION  
TO EXTEND ONCE MORE OUR DEEPEST APPRECIATION TO  
CHINA FOR ITS CONSISTENT SUPPORT FOR THE POSITION OF  
THE GROUP OF 77.

(5) MAY I, AT THIS POINT, STATE FOR THE BENEFIT OF THIS  
COMMITTEE THAT WE TOOK THE SERIOUS STEP OF CALLING FOR  
THE SUSPENSION OF THE NOVEMBER SESSION OF THE CONFERENCE  
BECAUSE WE FELT STRONGLY THAT THE PROCESS OF NEGOTIATION  
WAS LEADING US NOWHERE. IT HAD DETERIORATED INTO  
REPETITIOUS DEBATING SESSIONS AND RATHER THAN CONTINUING  
IN THAT FASHION WE DECIDED TO CALL FOR A SUSPENSION.  
I MUST MAKE IT CLEAR, MR CHAIRMAN, THAT OURS WAS A CON-  
STRUCTIVE ACT, DESIGNED TO GIVE THE CONFERENCE A NEW  
DIRECTION. THE SUSPENSION WAS INTENDED TO GIVE GOVERN-  
MENTS AN OPPORTUNITY TO REFLECT WHICH PROCESS WE HOPE  
IS GOING ON EVEN NOW. AS WE STATED WHEN CALLING FOR THE  
SUSPENSION, WE REMAIN READY AND WILLING TO NEGOTIATE IF  
AND WHEN THE ATTITUDE OF THE DEVELOPED COUNTRIES IS SUCH  
AS TO INDICATE THAT THE NEGOTIATIONS WILL LEAD TO A  
SUCCESSFUL OUTCOME. DURING THIS PERIOD OF SUSPENSION, THE  
CONSULTATIONS NECESSARY TO ASSESS THE PROSPECTS OF  
AGREEMENT ON THE FUNDAMENTAL ASPECTS OF THE COMMON FUND  
AS A BASIS FOR MEANINGFUL NEGOTIATIONS CAN BE CARRIED  
OUT BY THE SECRETARY-GENERAL OF UNCTAD WHO HAS THE  
AUTHORITY, INDEED THE DUTY, TO DO SO. ANY EFFORTS BY  
HIM IN THIS DIRECTION WILL HAVE OUR FULL SUPPORT.

(6) MAY I TURN NOW TO THE SECOND MAIN ELEMENT OF OUR  
REVIEW OF THE PROGRESS UNDER THE IPC, NAMELY THE PRE-  
PARATORY WORK ON INDIVIDUAL COMMODITIES. ONCE AGAIN WE  
HAVE TO NOTE WITH REGRET THAT THE PROGRESS HAS BEEN  
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FRUSTRATINGLY SLOW. IT IS HARDLY NECESSARY TO REMIND  
OURSELVES THAT, IN TERMS OF THE TIME-TABLE AGREED UPON  
IN NAIROBI, THE ENTIRE PREPARATORY WORK ON ALL THE COM-

MODITIES COVERED BY THE IPC, IS TO BE COMPLETED BY FEBRUARY 1978. HOWEVER, WITH JUST ABOUT TWO MONTHS TO GO BEFORE THE DEADLINE EXPIRES, OUT OF THE 14 COMMODITIES INCLUDED IN RESOLUTION 93(IV) NOT ALREADY COVERED BY INTERNATIONAL AGREEMENTS, THERE SEEM TO BE PROSPECTS FOR REACHING THE NEGOTIATING STAGE ONLY FOR ONE COMMODITY, NAMELY RUBBER, BY FEBRUARY 1978.

(7) IN THE RESOLUTION ADOPTED AT OUR LAST SESSION, THE COMMITTEE AGREED ON A NUMBER OF STEPS TO ENSURE QUICKER AND MORE MEANINGFUL PROGRESS IN THE DISCUSSIONS ON INDIVIDUAL COMMODITIES. WE REGRET TO NOTE FROM THE PROGRESS REPORT OF THE SECRETARY-GENERAL (TD/B/IPC/AC/13) THAT, DESPITE THE AGREEMENT ON THOSE STEPS, THE PREPARATORY WORK STILL REMAINS AT A RELATIVELY PRELIMINARY STAGE FOR MOST COMMODITIES, ALTHOUGH HE HAS OBSERVED THAT THERE IS EVIDENCE OF FORWARD MOVEMENT AND THERE IS SOME INDICATION THAT THE PREPARATORY MEETINGS ARE NOW TENDING TO FOCUS MORE DIRECTLY ON MATTERS RELEVANT TO THEIR TERMS OF REFERENCE. HE HAS ALSO DRAWN OUR ATTENTION TO THE CONTINUING TENDENCY OF PREPARATORY MEETINGS TO RECOMMEND FURTHER MEETINGS TO CONSIDER TECHNICAL MATTERS AND TO REQUEST A LARGE NUMBER OF STUDIES. THIS TREND MUST BE REVERSED AND THE PACE OF WORK CONSIDERABLY ACCELERATED IF WE ARE TO ATTAIN THE AGREED GOALS OF THE INTEGRATED PROGRAMME.

(8) OF THE SEVEN COMMODITIES CONSIDERED DURING THE PERIOD UNDER REVIEW ONLY TWO, NAMELY RUBBER AND JUTE, HAVE SHOWN SOME ENCOURAGING SIGNS, ALTHOUGH, AS I STATED EARLIER, WE ARE REASONABLY CLOSE TO THE COMMENCEMENT OF NEGOTIAT-

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COME-00 INR-07 LAB-04 NSAE-00 OIC-02 SIL-01  
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R 132339Z DEC 77  
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IONS ONLY IN RESPECT OF RUBBER. WE ARE PARTICULARLY CONCERNED AT THE LACK OF PROGRESS ON COPPER. DESPITE SEVEN INTERGOVERNMENTAL MEETINGS AND OVER FORTY TECHNICAL STUDIES AND RELATED REPORTS, NO CLEAR SENSE OF DIRECTION HAS YET EMERGED AND THERE IS NO EVIDENCE OF THE WILLINGNESS OF THE MAJOR DEVELOPED CONSUMER COUNTRIES TO GRAPPLE WITH THE CRUX OF THE PROBLEM, NAMELY THE NEED FOR ENSURING GREATER STABILITY AND STRENGTH FOR THE COPPER MARKET. IT IS OUR EARNEST HOPE THAT THIS PATTERN WILL NOT BE REPEATED FOR THE OTHER COMMODITIES. ON HARD FIBRES AND TROPICAL TIMBER, THE WORK IS STILL AT A PRELIMINARY STAGE, WHILE IN RESPECT OF IRON ORE AND PHOSPHATES THE WORK HAS JUST BEGUN. AND THERE ARE STILL FOUR COMMODITIES ON WHICH THE PREPARATORY WORK HAS NOT EVEN STARTED. THIS CAN SCARCELY BE CONSIDERED AS A SATISFACTORY SITUATION FOR US TO REVIEW AT THE LAST SESSION OF THIS COMMITTEE BEFORE THE SCHEDULED END OF THE PREPARATORY PROCESS.

(9) I NEED HARDLY EMPHASIZE THE CLOSE INTER-RELATIONSHIP  
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BETWEEN THE NEGOTIATIONS ON THE COMMON FUND AND THE PREPARATORY WORK ON INDIVIDUAL COMMODITIES. WE HAD HOPED THAT THE SUCCESSFUL CONCLUSION OF THE NEGOTIATING CONFERENCE ON THE COMMON FUND WOULD GIVE A POSITIVE IMPETUS TO THE DISCUSSIONS ON INDIVIDUAL COMMODITIES. ALTHOUGH THIS HAS NOT BEEN REALIZED, WE MUST WARN AGAINST THE SLACKENING OF THE PACE IN THE COMMODITY DISCUSSIONS WHICH COULD IN TURN HAVE AN ADVERSE IMPACT ON THE RESUMED NEGOTIATIONS ON THE COMMON FUND. WE SEE THE TWO PROCESSES AS MUTUALLY SUPPORTING AND WE TRUST THAT OTHERS WOULD ALSO SEE THEM IN THIS LIGHT.

(10) I DO NOT WISH TO REPEAT HERE THE VARIOUS STEPS THAT NEED TO BE TAKEN TO ENSURE THAT THE PREPARATORY MEETINGS REMAIN CORRECTLY FOCUSED ON THE TASKS ASSIGNED TO THEM. THESE STEPS HAVE BEEN IDENTIFIED AND AGREED UPON IN THE RESOLUTION ADOPTED AT OUR LAST SESSION AND THEY REMAIN BASICALLY VALID. WHAT IS NEEDED TO GIVE EFFECT TO THEM. IN THE ULTIMATE ANALYSIS, THE ISSUES WE HAVE TO FACE IN THESE MEETINGS, AS IN THE CASE OF THE COMMON FUND, ARE LARGELY POLITICAL, AND THE SUCCESS OF OUR EFFORTS WOULD BE DETERMINED BY THE EXTENT OF THE POLITICAL COMMITMENT TO THE ATTAINMENT OF THE OBJECTIVES OF THE

INTEGRATED PROGRAMME. IF THIS COMMITMENT IS LACKING, AS  
INDEED APPEARS TO BE THE CASE WITH SOME DEVELOPED  
COUNTRIES WHICH CONTINUE TO QUESTION THE NEED FOR CHANGE  
ON THE GROUND THAT IT WOULD INTERFERE WITH MARKET FORCES,  
NO AMOUNT OF TECHNICAL WORK AND STUDIES WOULD BRING US  
NEARER TO OUR GOAL. ONLY DETERMINED AND CONCERTED ACTION,  
BACKED BY THE NECESSARY POLITICAL VISION AND WISDOM,  
ON A WIDE RANGE OF COMMODITIES OF PARTICULAR INTEREST TO  
DEVELOPING COUNTRIES WOULD BRING ABOUT THE DESIRED  
CHANGES AND THUS CONTRIBUTE TO THE ESTABLISHMENT OF THE  
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NEW INTERNATIONAL ECONOMIC ORDER. VANDEN HEUVEL

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## Message Attributes

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**Enclosure:** n/a  
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**Errors:** N/A  
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**Original Handling Restrictions:** n/a  
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**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009